

# Monash Absolute Investment Company Limited

**Monash Absolute Investment Company Limited (ASX: MA1)  
September 2020 End of Month Update**

**2 October 2020**

In the interests of keeping the market fully informed of performance on a timely basis, we release a preliminary estimate of the Pre-Tax Net Tangible Asset Backing ("NTA") per share. It is only a guide, the official NTA will be released later in the month. All return calculations include dividends paid.

We estimate that at 30 September the NTA Pre-Tax was \$1.2367.

## Company Strategy

The Company is benchmark unaware, style and stock size agnostic, both long and short, and only invests in compelling opportunities. In keeping with the Company's absolute return objectives, if the investment manager cannot find stocks that meet the very high return hurdle requirements, the Company will preserve that capital in cash at bank.

## Monthly Commentary

For the month of September, the Pre-Tax NTA fell by -0.06% (after fees). This compares to the S&P/ASX200 that fell by -3.66% and the Small Ords by -2.82%.

Despite the impact of COVID-19 on the markets, we are having a good year. For the calendar year to date the Pre-Tax NTA is up 9.15% (after fees) while the S&P/ASX200 is down -10.82%, and the Small Ords is down -4.06%.

During September, Monash Investors won the "Best Listed Alternative Investment Product"<sup>i</sup> category for MA1 at the Annual Hedge Fund Rocks Awards, which is the industry awards night for Australian hedge funds.

This took into account both our 1 year and 3 year performance.



## Company at a Glance 30 September 2020

ASX Code	MA1, MA1O
Portfolio Size	\$ 56.9M
Share Price	\$1.10
Shares on Issue	44.85m

## Estimated NTA (unaudited) 30 September 2020

Estimated NTA Pre Tax	\$1.2367
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## Return Estimate to 30 September 2020

	NTA Pre Tax
1 Month	-0.06%
3 Months	11.99%
CYTD	9.15%
FYTD	11.99%
1 Year	7.62%
2 Years p.a.	12.10%
3 Years p.a.	11.53%
Since Inception p.a. (April 2016)	6.42%

## Portfolio Structure 30 September 2020

Outlook <sup>ii</sup> Stocks (Long)	18 Positions	81%
Outlook Stocks (Short)	No Positions	0%
Event, Pair and Group (Long)	3 Positions	16%
Event, Pair and Group (Short)	1 Position	-2%
Cash		5%
TOTAL		100%
Gross Exposure		98%
Net Exposure		95%

For more information about the Company and the strategy, please refer to the Monash Investors website at [www.monashinvestors.com](http://www.monashinvestors.com). You can also [follow us on Livewire here](#) or subscribe to our updates [here](#)

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Over the three years to 30 September, our Pre-Tax NTA return is up 11.53% (after fees). This compares to the S&P/ASX200 up by 4.80% and the Small Ords by 6.53%.

We were recently included in the EL&C Baillieu LIC performance tables, which were updated for NTA return and Total Shareholder Return (TSR) to 31 August 2020. Their survey covers 64 LIC's with a variety of different investment strategies and asset classes. Over the three years, MA1 came 7<sup>th</sup>/64 for NTA return, and 4<sup>th</sup>/64 for TSR. Within the "Specialist" category of the survey MA1 was the top performing hedge fund on both criteria.

Many of the stocks in the portfolio made material announcements during September.

When a stock is about to make an announcement to the stock exchange, trading in its shares is temporarily halted until the disclosure is posted and some time has passed, in order to allow people to understand what they are reading.

For fund managers who hold the stock, this is a heart in the mouth moment, and we are all too familiar with that knot in the stomach.

While good news is welcome, bad news is felt more keenly.

The effect of the news, for good or bad, and depending on the portfolio weight in the stock, can have a dramatic effect on returns. Bad news in particular often requires a response that is unpalatable, such as selling into a falling price and locking in a loss. But not all good news is received well, or bad news received poorly.

The Monash Investors investment strategy biases our portfolio towards stocks that are overwhelmingly likely to deliver good news to us. And we are happy to report that this month, as usual for our portfolio, we received mostly good news.

Here is a list of the major announcements that affected our portfolio this month, whether they were good or bad and what the stock returned for the month. In summary, 8 were good and 2 were bad - which is a good hit ratio for us. The arithmetic average of the 11 events (one was neither good nor bad) was 0%, which was about what the portfolio did for the month overall.

Date	Stock	News	Good/Bad	Monthly Return
10-Sep	Nearmap	Capital Raise	Bad Dilutive and unexpected	-23%
14-Sep	Citadel	Takeover Offer Received	Good Unexpected	25%
15-Sep	Uniti Wireless	Takeover Progressing	Good Had been in doubt	1%
16-Sep	Kogan	Market Update	Good Continued strong sales and margins	-3%
17-Sep	City Chic	Takeover Offer Failed	Good It allowed us to buy in weakness	-11%

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22-Sep	Jumbo Interactive	TABCORP Exit	Bad Arguably negative	-8%
23-Sep	Kathmandu	Result	- Result in line	0%
24-Sep	Telix	FDA submission	Good An expected milestone	1%
29-Sep	BidEnergy	Significant Contract	Good Demonstrating growth on track	13%
30-Sep	Jumbo Interactive	Lottery West Contract	Good An expected outcome	-8%
30-Sep	Electro Optic	Army Contract	Good Guidance on track	-2%

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This presentation has been prepared by Monash Absolute Investment Company Limited (**MA1**) and Monash Investors Pty Ltd (ABN 67 153 180 333, AFSL 417 201) (**Investment Manager**) as authorised representatives of Winston Capital Partners Pty Ltd ABN 29 159 382 813, AFSL 469 556 ("Winston Capital") for the provision of general financial product advice in relation to MA1 and is for information purposes only, and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in MA1. The information is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. Please note that, in providing this information, MA1 has not considered the objectives, financial position or needs of any particular recipient. MA1 strongly suggests that investors consult a financial advisor prior to making an investment decision. Past performance is not a reliable indicator of future performance. See the ASX Company Announcements platform at [www.asx.com.au](http://www.asx.com.au) for further information.

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<sup>ii</sup> Glossary of terms can be found on the Company's website at [www.monashinvestors.com/glossary/](http://www.monashinvestors.com/glossary/)